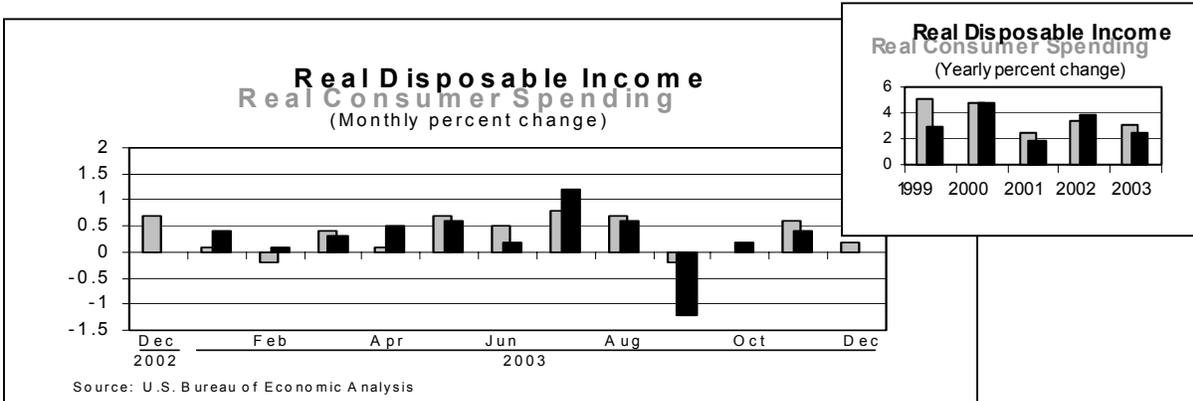




REAL INCOME UNCHANGED IN DECEMBER, UP FOR THE YEAR

Real disposable personal income was unchanged in December 2003, and consumer spending rose modestly, according to estimates released today by the U.S. Bureau of Economic Analysis. For the year as a whole, income was up 2.5 percent and spending was up 3.1 percent.



December

Real disposable personal income—after-tax income, adjusted for inflation—was the same as in November, as an increase in current-dollar income was offset by an increase in prices.

- Earlier in the year (July-September), sizable changes in income had reflected the pattern of advance payments of child tax credits that were enacted in the spring and distributed in the summer.

Real consumer spending increased 0.2 percent.

- Purchases of durable goods increased more than in November, while spending on services slowed. Purchases of nondurable goods dipped after a large November increase. Over the previous 12 months, the average monthly increase in real consumer spending was 0.4 percent.

Since December of last year, real disposable personal income and consumer spending have increased 3.4 percent and 3.6 percent, respectively.

In December, 1.3 percent of (current-dollar) disposable income was saved, down from 1.5 percent in November.

Personal income—the total income received by individuals, before taxes—increased 0.2 percent; in November, it had increased 0.3 percent. (“Personal income” is *not* adjusted to remove the effects of inflation.)

- The December increase mainly reflected increases in transfer receipts, rental income, and proprietors’ income. In contrast, wages, which represent more than half of personal income, decreased.

The year 2003

- The 2.5-percent increase in real disposable personal income in 2003 followed an increase of 3.8 percent in 2002. The larger increase in 2002 mainly reflected a larger reduction in taxes.
- The 3.1-percent increase in real consumer spending followed an increase of 3.4 percent; spending on goods increased, but spending on services slowed.
- The saving rate decreased from 2.3 percent to 2.0 percent.
- Personal income increased 3.1 percent. Wages, transfer receipts, and income of proprietors accounted for most of the rise.

BEA’s data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states and industries—are available on the BEA Web site: <www.bea.gov>.

NOTE: Estimates of personal income and outlays for January 2004, along with revised estimates for October through December 2003, will be released on March 1, 2004.